

*Police & Fire
Department
Retirement Plan*





CITY OF SAN JOSE

801 NORTH FIRST STREET
SAN JOSE, CALIFORNIA 95110

September 21, 1979

BOARD OF ADMINISTRATION
POLICE AND FIRE DEPARTMENT
RETIREMENT PLAN

(408) 277-5137

The Honorable Mayor and City Council
City of San Jose
San Jose, California

Dear Mayor and Council Members:

The Board of Administration of the Police and Fire Department Retirement Plan is pleased to present its annual report for the period July 1, 1978 to June 30, 1979. The Board wishes to point out (4) significant changes that will mean a continuing savings to the taxpayer of San Jose.

- (1) The present earned interest rate is 7.4%. This performance represents a significant savings to the San Jose city taxpayer as each 1/2% of earned interest represents over \$350,000 deposited to the retirement fund.
- (2) The Board directed that short term funds be invested in the California State Local Agency Investment Fund Money Market earning daily interest rates of 9 to 10% combined w/liquidity. This affords maximized earnings on funds awaiting long term investments.
- (3) The Board has prevailed upon Department Managers of the Police and Fire Department to continue to employ disabled employees within those departments wherever possible. This action along with a strict review policy on each application for disability retirement will mean increased savings to the taxpayer.
- (4) The cost of managing the retirement fund has been transferred from the City General Fund and now will be charged against the earnings of the retirement fund.

The Board has made every effort to seek professional counsel in the areas of investment counsel, actuary and auditor service, that we may continue to produce a sound financial fund capable of continued growth. The Board of Administration and its staff are available to provide additional information when requested.

Sincerely,

Donald E. Ewing
Chairman
Board of Administration

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

BOARD OF ADMINISTRATION

The Retirement Plan is administered by a five-member Board of Administration composed of two representatives from the City Council, a representative from the Civil Service Commission and two representatives who are City employees, one from the Police Department and one from the Fire Department, in accordance with Section 2222.1 of the San Jose Municipal code.

As of June 30, 1979, the members of the Board were as follows:

- JERRY ESTRUTH - He is a member of the City Council and is one of its official representatives on the Board. He became a member of the Board on January 16, 1979.
- DONALD E. EWING - Police Lieutenant, elected in February, 1974 as a representative of the Police Department to fill the term of Barton L. Collins, Retired; term to expire on November 30, 1980.
- JOHN DIQUISTO - First elected as a representative of the employees of the Fire Department on September 5, 1978. His present term expires on November 30, 1982.
- THOMAS McENERY - Member of the City Council appointed to the Board January 16, 1979.
- FRANK P. NICOLETTI - He is a member of the Civil Service Commission and serves on the Board at the pleasure of that body. He was selected by the members of the Commission on February 6, 1975 to serve on the Board.

The Board of Administration engages the following Consultants to assist in making investments and in developing a sound retirement plan:

- ACTUARY - The Wyatt Company
- INVESTMENT COUNSEL - Scudder, Stevens & Clark, Inc.
- AUDITOR - Coopers & Lybrand

The Board meets on the second Tuesday of each month and holds special meetings as the occasion demands. The meetings are currently held in the Council Chambers, Second Floor, City Hall, at 9:00 A.M. Members of the Retirement Plan may attend any of the meetings.

ANNUAL REPORT

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

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BOARD OF ADMINISTRATION
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
INVESTMENT POLICY STATEMENT

Resolution No. 768 adopted on July 8, 1974 includes:

GENERAL ENVIRONMENT

It is the policy of the San Jose Police and Fire Department Retirement Plan (2904.2) to effect economy and efficiency in the public service by providing a means whereby employees who become super-annuated or otherwise incapacitated, without hardship or prejudice, may be replaced by more capable employees, and to that end provide a retirement system consisting of retirement allowances and death benefits.

Investments in such Retirement System are subject to the restrictions specified in the San Jose Retirement Code (2904.58). Further investment management guidelines are imposed by the Retirement Board.

INVESTMENT GUIDELINES

General

The Board shall:

- (1) require that the Retirement Plan be fully funded to assure that all disbursement obligations will be met.
- (2) attempt to insure that investment earnings be sufficiently high to provide a funding source, along with contributions from City employees and the City, in order to offset liabilities in perpetuity.
- (3) strive for the highest total return on invested funds consistent with safety in accordance with accepted investment practices.

Fixed Income

The Board shall require that the majority of the portfolio be invested in high quality, marketable bonds as provided in Section 2904.58. Specifically, retirement funds may be invested only in bonds that meet one or more of the following criteria:

- (1) Securities which are legal investment for Savings Banks in California or Massachusetts or New York.
- (2) Bonds which are direct obligations of, or secured by the full faith and credit of, the Dominion of Canada or any of its provinces, cities or municipal corporations.
- (3) Bonds guaranteed by any solvent corporation which are not in default either as to principal and interest provided:

- (a) In the case of public utilities, net earnings available for fixed charges for the previous five fiscal years have averaged not less than two times average fixed charges after depreciation and taxes, and net earnings during either of the last two years have been not less than two times fixed charges.
- (b) In the case of finance companies, net earnings in the last five fiscal years have averaged one and one-half times average fixed charges, and during either of the last two years net earnings have not been less than one and one-half times fixed charges.

(4) Public Improvement Bonds of San Jose.

Active bond management, including the use of bond swaps to improve total yield, is encouraged. In pursuing this objective, it is possible that certain transactions will temporarily lower the return or change the maturity of the portfolio. Transactions of this type are allowed as long as an optimum balance is achieved between yield to maturity, quality and marketability based on expected market changes.

Short-Term Investments

The Board of Administration will designate a member of the City's staff to make short-term investments of the Fund after consulting investment counsel to determine appropriate maturity.

Common Stock

The primary emphasis of the common stock portfolio will be on high quality, readily marketable securities offering potential for above average growth as protection against inflation. The maximum amount of common stock to be held is 25% of the Fund's assets valued at cost. Common stock investments are limited to those meeting all of the following criteria as set forth in Section 2904.58 (5):

- (1) Stocks must be registered on a national exchange, although this is not required with banks and insurance companies which have a net worth of at least \$50 million.
- (2) A cash dividend has been paid on 8 out of the 10 years next preceding the date of purchase, and the earnings available for dividends for 10 years have been equal to the amount of dividends paid and the company has earned the dividend paid in each of the last 3 years.
- (3) Not more than 2% of the total fund at cost shall be invested in the common stock of any corporation.
- (4) Investment in any corporation shall not exceed 5% of the outstanding shares of the corporation.
- (5) The bonds of the corporation shall qualify for purchase in order to qualify the common stock of the corporation for purchase.

- (6) Not more than 5% of the total assets at cost may be invested in preferred stocks.
- (7) Each common and preferred stock purchase must be approved by independent investment counsel.
- (8) No such investment may be made except upon the affirmative vote of at least 3 members of the Retirement Board.

Supervision

The investment counsel shall continually supervise the investment securities in the Fund, and shall initiate such recommendations for purchase, sale, substitution, redemption or conversion of securities as it should deem advisable.

Performance Goals

Investment performance will be measured quarterly, but it is not expected that the performance goals identified below will be satisfied in any single quarter or year. It is, however, expected that these goals will be satisfied over a full market cycle, or if shorter, a five-year period.

Common stocks will outperform the following three measures:

- (1) Standard and Poor's 500 Index
- (2) New York Stock Exchange Index
- (3) A. G. Beckers' Median (300 Institutional Funds)

Fixed income investments will outperform the following two measures:

- (1) Salomon Brothers High Grade Corporate Bond Index
- (2) Moody's AA Utility Index

Investment Reports

The Investment Counsel will meet quarterly with the Board to discuss the economy and the security markets to assist the Board in determining and re-examining basic investment policies.

The Investment Counsel shall review the policies between meetings in light of changing market conditions or changes in the requirements of the Fund and recommend the appropriate action to the Board.

The Investment Counsel shall prepare quarterly appraisals giving a listing of securities held and showing the composition, average cost, and market values of the assets under supervision.

SUMMARY OF THE PRINCIPAL PROVISIONS OF
THE POLICE & FIRE DEPARTMENT RETIREMENT PLAN
San Jose, California

MEMBERSHIP Mandatory for all full-time employees.

MEMBER CONTRIBUTIONS All members contribute 7.42% of the base salary.

CITY'S CONTRIBUTIONS The City contributes 26.05% of base salary.

INTEREST Two percent annual interest is calculated each bi-weekly pay period and added to your contributions. This interest is derived from investments.

TERMINATION BENEFITS Upon termination, the member shall be paid all of his accumulated contributions and interest in full satisfaction of all rights and benefits under this retirement system. The City's contributions will not be refunded to the employee.

MILITARY LEAVE If during your employment with the City of San Jose, you have military service, the City will pay your contributions and the City's contributions into the retirement system for that period of time. This is not refundable to an employee who resigns and requests refund of his contributions.

VESTING OF PENSION CREDIT After 10 years of service you may resign your position with the Police or Fire Department and leave your contributions in the retirement system.

VESTED RETIREMENT Member can collect retirement benefits at age 55 with 10 years of service and 20 years having elapsed from date of membership.

SERVICE RETIREMENT Retirement at age 55 with at least 20 years service.

SERVICE-CONNECTED DISABILITY Retirement resulting from the result of an injury or disease arising out of and in the course of such member's employment with the City. (No minimum period of service required.)

NON-SERVICE-CONNECTED-DISABILITY Retirement resulting from other than a service-connected disability with at least 2 years service.

MANDATORY RETIREMENT Age 65

EARLY SERVICE RETIREMENT Retirement at age 50 with at least 20 years service. Member's retirement allowance shall be reduced by that amount which the value of such allowance as deferred to age 55 will purchase at the actual age of retirement.

CALCULATIONS FOR RETIREMENT ALLOWANCE

- For
1. A Vested Retirement.
 2. A Service Retirement.
 3. A Service-Connected Disability with 20 years service.
 4. A Non-Service-Connected Disability with 20 years service.

is: $2 \frac{1}{2}\% \times \text{years of service} \times \text{final compensation} = \text{monthly retirement allowance.}$
There is a maximum of 75% (30 years of service equals 75%).

CALCULATIONS FOR RETIREMENT ALLOWANCE (Cont.)

For: 4. Service-connected disability with less than 20 years service, any age.
50% x final compensation = monthly retirement allowance.

5. Non-service-connected disability from 2 through 19 years of service, any age. There is no non-service-connected disability retirement under 2 years service. 32% for first 2 years plus 1% for each year thereafter.

FINAL COMPENSATION The meaning of "Final Compensation" is: The average monthly compensation during the highest 12 consecutive months of service; (usually the last 12 months) limited to 108% of the 12 months immediately preceding the last 12 months of service.

SURVIVORSHIP ALLOWANCE

Death after retirement - If you 1. had been retired for service, or
2. had retired for service-connected disability.

Death before retirement - If you 3. die at age 55 or older with 20 years service due to a non-service-connected injury or illness, or
4. you die at any age due to a service-connected injury or illness.

The Spouse will receive 37 1/2% x final compensation.
1 Child will receive 25% x final compensation.
2 Children will receive 50% x final compensation.
3 or more Children will receive 75% x final compensation.

The maximum family benefit is 75% of your final compensation.

SURVIVORSHIP ALLOWANCE

Death after retirement - If you 1. had been retired for non-service-connected disability.

Death before retirement - If you 2. die before age 55 due to a non-service-connected injury or illness with 2 or more years service.

Your Spouse will receive 24% of final compensation for 2 years of service and 0.75% for each year thereafter. (Maximum 37 1/2%).
1 Child will receive 25% x final compensation.
2 Children will receive 37 1/2% x final compensation.
3 or more Children will receive 50% x final compensation.

The maximum family benefit is 75% of your final compensation.
Dependent children are paid to age 18 or to age 22 if full-time student.

MANAGEMENT The System is under the management of a Board of Administration of 5 members consisting of 2 City Councilpersons, a Civil Service Commissioner, and 2 elected employees who are members of the retirement system.

The Board of Administration is a policy-making body and responsible for the proper operation of the System. The System operates as an independent trust, separate and distinct from the City and other entities. The administration of the System is under its guidance and direction and is subject to such rules, regulations and directives as it may adopt from time to time. Members serve without compensation. The City Attorney provides legal advice and counsel.

ADMINISTRATION A full-time Retirement and Benefits Administrator is employed. He heads the Employee Services Division of the City Personnel Department and serves as Secretary and Executive Officer to the Board of Administration.

The City provides office space, administrative and clerical services of the Personnel Department and fiscal services of the Finance Department without any direct charge.

The Trust Department of Wells Fargo Bank is employed as custodian of fund assets and collector of investment income.

ACTUARIAL SOUNDNESS Plan and benefit provisions are periodically reviewed by an enrolled actuary to assure continuing soundness.

INVESTMENT AUTHORITY AND POLICY The investment authority is broad and flexible, allowing maximum utilization of the System's resources. Scudder, Stevens & Clark, a nationally known investment advisory service, is retained for full-time investment counsel.

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

HIGHLIGHTS

1. Contributing members in the Plan, 1,385 as of June 30, 1979.
2. Two members retired for service and nineteen members retired because of disabilities during the period of June 30, 1978 through June 30, 1979.
3. There are 245 members and 49 survivors receiving benefits from the Plan as of June 30, 1979.
4. During the reporting period, fifteen Fire members and 30 Police members left the membership of the Retirement Plan and had their contributions refunded.
5. The Retirement Fund balance as of June 30, 1979 was 72,415,000 in the Regular Fund and 2,522,000 in the Cost of Living Fund.
6. Payment of pensions or survivors benefits increased from about \$211,000 per month to about \$289,000 per month during the reporting period.
7. The annual time-weighted return for the entire portfolio was 7.44% as of June 30, 1979.
8. Interest and dividends on investments for the period were \$4,843,000 and averaged about \$403,000 per month.

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

The following persons were granted a monthly retirement allowance during the period of July 1, 1978 to June 30, 1979:

SERVICE RETIREMENTS

POLICE DEPARTMENT

Buck Ballard
William Wien

FIRE DEPARTMENT

SERVICE CONNECTED DISABILITY RETIREMENTS

POLICE DEPARTMENT

Don Edwards
Joseph Escobar
Edward McKay
Gene Moss
Lloyd Ralston
Clarence Shannon
Grettaann Shannon
Jon Van Dyck
Ronald Williams

FIRE DEPARTMENT

Harold Funk
Raymond Jones
Leonard Marsh
James Mitchell
Richard Neibaur
Alec Noseworthy
Edward Urbani
David Van Etten
James West

NON-SERVICE-CONNECTED DISABILITY RETIREMENT

POLICE DEPARTMENT

FIRE DEPARTMENT

Franklin Jost

DEATHS

POLICE DEPARTMENT

Curtis Bishop
June 25, 1979

David Cissell
December 9, 1978

Peter Guerin
November 11, 1978

Stanley Hardman
November 1, 1978

Arthur Huckabay
November 2, 1978

James "Tim" Jones
October 28, 1978

William Poelle
February 16, 1979

Robert Sims
June 14, 1979

FIRE DEPARTMENT

William Heaney
September 20, 1978

Thomas Higgins Sr.
February 1, 1979

Herman Lorenz
May 23, 1979

John O'Brien
March 14, 1979

Jack Stanley
June 19, 1979

STATEMENT OF THE ACTUARY

This statement summarizes the actuarial method and assumptions used in the June 30, 1977 actuarial valuation of the Police and Fire Department Retirement Plan. The City and member contribution rates for the fiscal year 1978-1979 have been developed from this valuation.

The actuarial method used for both basic and cost-of-living benefits is the entry-age-normal cost method. The purpose of this method is to stabilize contribution rates.

This method has been applied for the first time to the evaluation of cost-of-living benefits. The change was made in order to properly take into account the full costs of these benefits. This change, along with the change in the actuarial assumption for the cost-of-living benefits, accounts for most of the increase required in the Plan's contribution rates.

The actuarial assumptions for the June 30, 1977 valuation were developed from a study of the Plan's actual experience with respect to turnover, disability and retirement for the period July 1, 1974 to June 30, 1977 and from an appraisal of future conditions. The principal changes were:

(1), to increase the interest assumed to be earned by the fund from 6% to 7%; (2), to increase the assumed future pay increases from 3% annually to 5% for general pay increases (7% initially) plus an allowance of 0.8% to 5% for merit increases; and (3), to assume that cost-of-living increases of 3% compounded annually will continue indefinitely instead of for just ten years as was previously assumed.

City and members' contribution rates were calculated in conformance with the City Charter. Because of the steep increases in the rates developed by this valuation, the new rates are being phased in over four years beginning with fiscal year 1978-79. In our opinion, the new City and members' contribution rates establish a sound financial basis for funding this plan.

COOPERS & LYBRAND
and
RUZZO, SCHOLL & MURPHY
(A joint venture)

CERTIFIED PUBLIC ACCOUNTANTS

Coopers & Lybrand
Two Palo Alto Square
Suite 400
Palo Alto, California 94304
(415) 493-1552

Ruzzo, Scholl & Murphy
777 North First Street
Suite 620
San Jose, California 95112
(408) 292-6752

Honorable City Council
City of San Jose:

We have examined the combining balance sheet of the City of San Jose Police and Fire Department Retirement System at June 30, 1979 and the related combining statements of changes in reserve balances and changes in cash for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The security investments of the Police and Fire Department Retirement System are held by the Wells Fargo Bank, N.A. Accordingly, such security investments owned by the Retirement System at June 30, 1979 were confirmed to us by the Wells Fargo Bank, N.A.

In our opinion, the combining financial statements referred to above present fairly the combined financial position of the City of San Jose Police and Fire Department Retirement System at June 30, 1979 and its combined changes in reserve balances and combined changes in cash for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

San Jose, California
October 19, 1979

Coopers & Lybrand
Ruzzo, Scholl & Murphy

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM
COMBINING BALANCE SHEET, June 30, 1979
(in thousands of dollars)

| | <u>Combined Retirement System</u> | <u>Retirement Fund</u> | <u>Cost of Living Fund</u> |
|---|---|----------------------------|------------------------------------|
| ASSETS | | | |
| Cash in bank | \$ 34 | \$ 71 | \$ (37) |
| Receivable from the City of San Jose General Fund: | | | |
| Employee contributions | 42 | 36 | 6 |
| Employer contributions | 131 | 110 | 21 |
| Accrued interest receivable | 968 | 942 | 26 |
| Investments (Notes 1 and 2) | <u>73,842</u> | <u>71,334</u> | <u>2,508</u> |
| | <u>\$75,017</u> | <u>\$72,493</u> | <u>\$2,524</u> |
| LIABILITIES AND RESERVES | | | |
| Payable to terminated employees | <u>15</u> | <u>14</u> | <u>1</u> |
| Reserves (Notes 1 and 3): | | | |
| Employee contributions | 12,169 | 11,360 | 809 |
| General | <u>62,833</u> | <u>61,119</u> | <u>1,714</u> |
| | <u>75,002</u> | <u>72,479</u> | <u>2,523</u> |
| | <u>\$75,017</u> | <u>\$72,493</u> | <u>\$2,524</u> |

The accompanying notes are an integral
part of the financial statements.

CITY OF SAN JOSE
 POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM
 COMBINING STATEMENT OF CHANGES IN RESERVE BALANCES
 for the year ended June 30, 1979
 (in thousands of dollars)

| | <u>Combined Retirement System</u> | |
|---|--|----------------------------|
| | <u>Employee Contribution Reserve</u> | <u>General Reserve</u> |
| Balances at June 30, 1978 | <u>\$10,411</u> | <u>\$53,665</u> |
| Employee contributions: | | |
| Cash received | 2,079 | |
| Receivable at June 30, 1979 | 42 | |
| Receivable at June 30, 1978 | <u>(37)</u> | |
| | <u>2,084</u> | <u>-</u> |
| Employer contributions: | | |
| Cash received | | 6,872 |
| Receivable at June 30, 1979 | | 131 |
| Receivable at June 30, 1978 | | <u>(130)</u> |
| | <u>-</u> | <u>6,873</u> |
| Interest income: | | |
| Cash received | | 4,291 |
| Receivable at June 30, 1979 | | 968 |
| Receivable at June 30, 1978 | | <u>(789)</u> |
| Interest allocations | 222 | <u>(222)</u> |
| Amortization of premiums and discounts on investments in debt securities | | <u>7</u> |
| | <u>222</u> | <u>4,255</u> |
| Refunds to terminated employees: | | |
| Returned to terminated employees in cash | (179) | |
| Payable at June 30, 1979 | (15) | |
| Payable at June 30, 1978 | <u>1</u> | |
| | <u>(193)</u> | <u>-</u> |
| Dividend income received | | 552 |
| Gains on sales of investments | | 98 |
| Losses on sales of investments | | (44) |
| Retirement benefits paid | | (2,684) |
| Death benefits paid | | (217) |
| Transfers upon retirement of employees | (355) | 355 |
| Investment advisor and actuary fees | | <u>(20)</u> |
| Balances at June 30, 1979 | <u>\$12,169</u> | <u>\$62,833</u> |

The accompanying notes are an integral part of

| <u>Retirement Fund</u> | | <u>Cost of Living Fund</u> | |
|--------------------------------------|------------------------|--------------------------------------|------------------------|
| <u>Employee Contribution Reserve</u> | <u>General Reserve</u> | <u>Employee Contribution Reserve</u> | <u>General Reserve</u> |
| <u>\$ 9,850</u> | <u>\$52,638</u> | <u>\$561</u> | <u>\$1,027</u> |
| 1,818 | | 261 | |
| 36 | | 6 | |
| <u>(35)</u> | | <u>(2)</u> | |
| <u>1,819</u> | <u>-</u> | <u>265</u> | <u>-</u> |
| | 6,003 | | 869 |
| | 110 | | 21 |
| | <u>(123)</u> | | <u>(7)</u> |
| <u>-</u> | <u>5,990</u> | <u>-</u> | <u>883</u> |
| | 4,165 | | 126 |
| | 942 | | 26 |
| | <u>(768)</u> | | <u>(21)</u> |
| 209 | <u>(209)</u> | 13 | <u>(13)</u> |
| | 7 | | |
| <u>209</u> | <u>4,137</u> | <u>13</u> | <u>118</u> |
| (166) | | (13) | |
| (14) | | (1) | |
| <u>1</u> | | | |
| <u>(179)</u> | <u>-</u> | <u>(14)</u> | <u>-</u> |
| | 549 | | 3 |
| | 98 | | |
| | <u>(44)</u> | | |
| | <u>(2,351)</u> | | <u>(333)</u> |
| | <u>(217)</u> | | |
| (339) | 339 | (16) | 16 |
| | <u>(20)</u> | | |
| <u>\$11,360</u> | <u>\$61,119</u> | <u>\$809</u> | <u>\$1,714</u> |

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM
COMBINING STATEMENT OF CHANGES IN CASH
for the year ended June 30, 1979
(in thousands of dollars)

| | <u>Combined Retirement System</u> | <u>Retirement Fund</u> | <u>Cost of Living Fund</u> |
|--|---|----------------------------|------------------------------------|
| Receipts: | | | |
| Employee contributions | \$ 2,079 | \$ 1,818 | \$ 261 |
| Employer contributions, net | 6,872 | 6,003 | 869 |
| Interest income | 4,291 | 4,165 | 126 |
| Dividend income | 552 | 549 | 3 |
| Sales and maturing of investments: | | | |
| Time deposits | 37,430 | 36,074 | 1,356 |
| U.S. Treasury securities | 6,736 | 6,272 | 464 |
| U.S. Government sponsored agency securities | 574 | 574 | |
| Banker acceptances and commercial paper | 7,850 | 7,850 | |
| Corporate bonds | 64 | 64 | |
| Corporate stocks | <u>1,751</u> | <u>1,701</u> | <u>50</u> |
| Total receipts | <u>68,199</u> | <u>65,070</u> | <u>3,129</u> |
| Disbursements: | | | |
| Refunds to terminated employees | 179 | 166 | 13 |
| Death benefits paid | 217 | 217 | |
| Retirement benefits paid | 2,684 | 2,351 | 333 |
| Investment purchases: | | | |
| Time deposits | 43,457 | 41,451 | 2,006 |
| U.S. Treasury securities | 2,905 | 2,156 | 749 |
| U.S. Government sponsored agency securities | 1,848 | 1,848 | |
| Banker acceptances and commercial paper | 5,900 | 5,900 | |
| Corporate bonds | 7,747 | 7,559 | 188 |
| Corporate stocks | 4,171 | 4,171 | |
| Investment advisor and actuary fees | <u>20</u> | <u>20</u> | |
| Total disbursements | <u>69,128</u> | <u>65,839</u> | <u>3,289</u> |
| Excess of disbursements over receipts | (929) | (769) | (160) |
| Cash balances at June 30, 1978 | <u>963</u> | <u>840</u> | <u>123</u> |
| Cash balances (deficit) at June 30, 1979 | <u>\$ 34</u> | <u>\$ 71</u> | <u>\$ (37)</u> |

The accompanying notes are an integral
part of the financial statements.

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM
NOTES TO COMBINING FINANCIAL STATEMENTS

1. Accounting Policies:

Basis of Presentation:

The City of San Jose Police and Fire Department Retirement System (the "Retirement System") was established to provide retirement benefits for employees of the Police and Fire Departments of the City of San Jose (the "City") pursuant to various retirement plans adopted by the City. The retirement plans require the City to account for Retirement System transactions in two funds: (1) the Retirement Fund and (2) the Cost of Living Fund.

The accompanying financial statements are prepared on the accrual basis.

Effective January 1, 1979, the Retirement System has been charged with expenses of actuarial evaluations, reports and studies, investment counseling fees, and costs of independent auditors. Other administrative expenses of the Retirement System are paid by the general fund of the City and are not included in the financial statements.

Description of the Retirement System:

The Retirement System is administered by the Retirement and Benefits Administrator under the direction of the Board of Administration.

All sworn officers of the City's Police and Fire Departments are required to be members of the Retirement System.

The Retirement System is financed by employee payroll deductions and by City contributions. Prior service costs (which relate to employee services performed prior to the date of an actuarial valuation) (Note 3) are financed entirely by City contributions. Current service costs are shared by the City and member employees in the ratio of \$8 from the City for each \$3 from the employees. Contribution rates (expressed as a percentage of salaries) are set by the Board of Administration and adjusted periodically (not less than once each five years) based on studies by consulting actuaries (Note 3). Contributions made by employees, together with interest earned thereon, are refundable upon termination of employment.

Continued

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM
NOTES TO COMBINING FINANCIAL STATEMENTS, Continued

1. Accounting Policies, continued:

Description of the Retirement System, continued:

Retirement benefits are payable upon disability, death, or normal retirement of the employee. The benefit amount is based upon a formula arising from the employee's highest annual rate of pay while employed, adjusted for changes in the cost of living subsequent to retirement up to a maximum of 3% per year (cumulative changes in excess of 3% per year are offset against years in which the change is less than 3%), as evidenced by changes in the Consumer Price Index published by the United States Department of Labor's Bureau of Labor Statistics.

Investments:

Investments are stated at original cost as adjusted, in the case of bonds, for amortization of premiums and discounts (differences between purchase cost and maturity value) on purchased debt securities. Gains or losses on each investment are recognized only upon sale of the investment. Generally, government obligations and corporate bonds are held until they mature.

2. Investments:

For purposes of comparison, the following table summarizes the investments held at June 30, 1979 at cost and at the lower of cost or market.

Continued

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM
NOTES TO COMBINING FINANCIAL STATEMENTS, Continued

2. Investments, continued:

| | At the Lower of Amortized Cost or Market | At Amortized Cost | | |
|--|--|----------------------------------|--------------------|---------------------------|
| | | Combined Retirement System | Retirement Fund | Cost of Living Fund |
| (in thousands of dollars) | | | | |
| Deposits with the Treasurer of the State of California | \$ 8,582 | \$ 8,582 | \$ 7,843 | \$ 739 |
| Time deposits | 2 | 2 | 1 | 1 |
| U.S. Treasury securities | 11,499 | 11,951 | 11,349 | 602 |
| U.S. Government sponsored agency securities | 5,608 | 5,999 | 5,795 | 204 |
| International agency securities | 592 | 771 | 771 | |
| Canadian Government securities | 1,037 | 1,129 | 1,129 | |
| | <u>18,736</u> | <u>19,850</u> | <u>19,044</u> | <u>806</u> |
| Corporate bonds | 28,253 | 31,535 | 30,645 | 890 |
| Corporate stock | 11,811 | 13,873 | 13,801 | 72 |
| | <u>\$67,384</u> | <u>\$73,842</u> | <u>\$71,334</u> | <u>\$2,508</u> |

The aggregate market value of all investments is \$68,141,000 at June 30, 1979. Gross unrealized gains of \$757,000, representing this excess of market value over the "lower of cost or market" comprise government obligations and corporate bonds of \$117,000 and corporate stocks of \$640,000.

Investments in government obligations and corporate bonds, having an aggregate principal (maturity value) of \$52,164,000, are included in the table above at an aggregate amortized cost of \$51,384,000. This \$780,000 difference represents the net of unamortized discounts and premiums at June 30, 1979.

Continued

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM
NOTES TO COMBINING FINANCIAL STATEMENTS, Continued

3. Actuarial Data:

An actuarial valuation was performed by consulting actuaries, The Wyatt Company, as of July 1, 1977. The actuarially determined prior service cost (costs assigned to periods prior to July 1, 1977) as of that date was \$134,452,000, using the entry age-normal cost method. The present value of all future benefits was calculated at approximately \$291,000,000. The actuaries did not compute the present value of the vested benefits (benefits to which participants are entitled, regardless of future service with the City). The more significant assumptions underlying the actuarial computations are as follows:

| | |
|---------------------------------------|--|
| Assumed rate of return on investments | 7% |
| Mortality basis | 1971 Group Annuity Mortality Scale |
| Employee turnover | Based on experienced rates |
| Salary increases | A 7% rate of salary increase for 1978, decreasing .5% each year until 1982 and 5% thereafter |
| Retirement age | Various rates assumed from ages 50 to 60 |
| Inflation rate | A 4-1/2% rate of annual inflation |

The above actuarial assumptions are considerably different from those used in prior years. The new assumptions result in level contribution rates, expressed as a percentage of future salaries, approximately 50% greater than the previously effective rates.

The City has adopted a four-step annual increase in contribution rates effective with the fiscal year ended June 30, 1979. This increase in rates is calculated by the consulting actuary to fund the plans on a basis equivalent to immediate adoption of the above-described recommended increase in level contribution rates.

An actuarial valuation as of July 1, 1979 is in process.

POLICE AND FIRE DEPARTMENT

PORTFOLIO - RETIREMENT FUND

June 29, 1979

CASH AND SHORT TERM BONDS

| Maturity Value | Security | Maturing | Total Cost | Market Value |
|----------------|----------------------------|----------------|------------|--------------|
| 7,843,000 | Invest Fd-State Treas | 9.090 | 7,843,000 | 7,843,000 |
| 1,000 | Cash in Savings Account | 5.000 | 1,000 | 1,000 |
| 1,000,000 | United States Treas Nts | 7.125 11/30/79 | 999,910 | 990,000 |
| 30,000 | Detroit Edison Gen & Ref O | 3.250 05/15/80 | 30,000 | 28,500 |
| 500,000 | United States Treas Nts | 7.375 02/15/81 | 499,609 | 487,500 |
| 2,000,000 | United States Treas Nts | 6.875 03/31/81 | 2,008,125 | 1,940,000 |
| 200,000 | Govt Natl Mtg Assn Part Cf | 5.250 04/01/81 | 203,500 | 186,000 |
| 500,000 | J C Penney Finl Debs Fr | 9.450 10/15/81 | 500,000 | 497,500 |
| 150,000 | Export Import Bk Wash P/C | 5.100 02/20/82 | 150,000 | 136,500 |
| 500,000 | Pacific Gas & Elec 1st Fr | 9.850 06/01/82 | 500,000 | 502,500 |
| 1,000,000 | United States Treas Nts | 8.000 02/15/83 | 1,030,875 | 980,000 |
| 40,000 | Prov of Ontario Usp | 4.000 05/01/03 | 39,224 | 32,950 |
| 1,000,000 | United States Treas Nts | 7.250 02/15/84 | 1,006,875 | 945,000 |
| 50,000 | Quebec Hydro-El S-X Usp | 5.000 07/15/84 | 50,000 | 40,250 |
| | | | 14,862,118 | 14,610,700 |

MEDIUM TERM BONDS

| | | | | |
|-----------|--------------------------------|----------------|-----------|-----------|
| 1,000,000 | United States Treas Nts | 7.250 08/15/84 | 999,460 | 945,000 |
| 42,000 | Alberta Mun Fin Usp | 5.000 12/15/84 | 41,412 | 34,125 |
| 45,000 | Milwaukee Gas Light Co | 5.625 05/15/85 | 46,068 | 37,800 |
| 100,000 | Minneapolis Honeywell Regulatr | 6.000 04/15/86 | 100,500 | 78,000 |
| 1,500,000 | United States Treas Nts | 7.875 05/15/86 | 1,500,586 | 1,432,500 |
| 100,000 | Consumers Power 1st | 4.000 08/01/86 | 95,909 | 72,000 |
| 1,300,000 | United States Treas Nts | 8.000 08/15/86 | 1,327,188 | 1,248,000 |
| 200,000 | C I T Finl Db | 6.375 10/01/86 | 199,000 | 171,000 |
| 75,000 | Natl Biscuit Sub Deb | 4.750 04/01/87 | 78,937 | 57,375 |
| 99,000 | Columbus & So Ohio Elec | 4.125 01/01/88 | 94,297 | 68,805 |
| 100,000 | Pennsylvania Electric Co | 4.000 03/01/88 | 93,500 | 60,500 |
| 150,000 | Pacific Tel & Tel Co Beb | 4.375 08/15/88 | 140,526 | 102,750 |
| | | | 4,717,383 | 4,307,855 |

LONG TERM BONDS

| | | | | |
|---------|---------------------------|----------------|---------|---------|
| 100,000 | Wells Fargo Bk Cap Nts | 4.500 09/15/89 | 100,000 | 68,500 |
| 250,000 | Intl Bk Recon & Dev Sf | 4.500 02/01/90 | 251,125 | 173,750 |
| 200,000 | Beneficial Finance Rg | 5.000 11/01/90 | 200,000 | 140,000 |
| 100,000 | Wisconsin Elec Pwr Reg | 5.000 11/15/90 | 106,000 | 70,000 |
| 150,000 | So Cal Edison 1st | 5.250 05/15/91 | 143,625 | 106,500 |
| 200,000 | Intl Bk Recon & Dev Sf | 5.375 04/01/92 | 159,208 | 145,000 |
| 500,000 | Gmac Deb | 7.125 09/01/92 | 448,125 | 420,000 |
| 150,000 | Southwestern Bell Tel Deb | 4.750 10/01/92 | 131,438 | 102,000 |
| 40,000 | Cleve Elec Illum 1st | 3.875 03/01/93 | 40,776 | 23,000 |

| Maturity Value | Security | | Maturing | Total Cost | Market Value |
|----------------|--------------------------------|-------|----------|------------|--------------|
| 100,000 | Container Corp Am | 6.625 | 03/15/93 | 100,000 | 82,000 |
| 125,000 | Beneficial Finance Reg | 4.750 | 05/15/93 | 125,000 | 80,625 |
| 300,000 | Allied Chemical Deb | 6.600 | 08/01/93 | 300,000 | 256,500 |
| 200,000 | Household Finance Reg | 4.875 | 09/15/93 | 199,000 | 130,000 |
| 100,000 | Union Electric 1st | 4.500 | 11/01/93 | 100,750 | 61,500 |
| 200,000 | Anaconda Co Deb | 6.625 | 11/15/93 | 199,000 | 159,000 |
| 1,000,000 | United States Treas | 9.000 | 02/15/94 | 999,630 | 1,010,000 |
| 200,000 | Weyerhaeuser Co | 7.650 | 07/15/94 | 200,000 | 181,000 |
| 350,000 | Intl Bk Recon & Dev | 6.375 | 10/01/94 | 347,375 | 273,000 |
| 500,000 | Ford Motor Credit Debs | 9.500 | 01/15/95 | 496,250 | 505,000 |
| 200,000 | Intl Paper S/F Deb F/R | 8.850 | 03/15/95 | 200,000 | 194,000 |
| 200,000 | Alum Co of Amer Deb | 9.000 | 05/15/95 | 198,000 | 195,000 |
| 50,000 | Illinois Bell Telephone | 3.250 | 07/15/95 | 50,499 | 26,500 |
| 500,000 | Household Finance Deb | 7.500 | 08/01/95 | 500,000 | 425,000 |
| 75,000 | Southwestern Bell Tel Deb | 4.625 | 08/01/95 | 75,980 | 47,625 |
| 400,000 | Alum Co of Amer Deb | 7.450 | 11/15/96 | 400,000 | 344,000 |
| 170,000 | Con Edison 1st | 5.900 | 12/15/96 | 170,000 | 113,900 |
| 100,000 | Pacific G & E | 4.625 | 06/01/97 | 99,875 | 60,500 |
| 300,000 | Goodyear Tire & Rub | 7.350 | 09/15/97 | 300,000 | 244,500 |
| 100,000 | New York Telephone Co | 4.625 | 10/01/97 | 101,750 | 62,000 |
| 75,000 | Southern Bell/So Cent Bell Deb | 5.000 | 12/01/97 | 76,925 | 48,375 |
| 250,000 | Std Oil Ind SF Deb | 6.000 | 01/15/98 | 247,500 | 187,500 |
| 200,000 | Intl Harvester SF Deb | 6.250 | 03/01/98 | 200,000 | 154,000 |
| 350,000 | Exxon Deb | 6.500 | 07/15/98 | 350,000 | 276,500 |
| 200,000 | Duke Power 1st & Ref Mtg | 7.000 | 02/01/99 | 198,500 | 154,000 |
| 200,000 | Beth Steel SF Deb | 6.875 | 03/01/99 | 198,750 | 162,000 |
| 125,000 | American Tel & Tel Debs | 4.375 | 05/01/99 | 125,125 | 73,125 |
| 300,000 | Dow Chem Deb | 7.750 | 07/15/99 | 300,000 | 267,000 |
| 1,000,000 | Gen Mtrs Acc Corp Deb | 8.750 | 02/01/00 | 995,000 | 955,000 |
| 50,000 | Mt States Tel & Tel Deb | 5.000 | 04/01/00 | 51,139 | 31,500 |
| 200,000 | Pacific Tel & Tel | 4.625 | 05/01/00 | 201,250 | 113,000 |
| 500,000 | Monsanto Co SF Deb | 8.500 | 06/15/00 | 497,500 | 475,000 |
| 500,000 | Armco Steel Corp Deb | 9.200 | 07/15/00 | 500,000 | 490,000 |
| 500,000 | Ford Motor Cred SF Deb | 9.700 | 07/15/00 | 498,750 | 507,500 |
| 500,000 | Inland Steel 1st Mtg | 9.500 | 09/01/00 | 497,500 | 502,500 |
| 500,000 | Amer Cyanamid Co SF Deb | 7.375 | 04/15/01 | 495,000 | 427,500 |
| 100,000 | Bell Tel Penna Deb | 4.750 | 05/01/01 | 106,500 | 60,000 |
| 1,000,000 | Ford Motor Cred SF Deb | 9.125 | 06/01/01 | 997,500 | 980,000 |
| 500,000 | Texaco SF Deb | 7.750 | 06/01/01 | 500,000 | 437,500 |
| 1,000,000 | Gen Motors Acc Corp | 8.750 | 06/15/01 | 945,800 | 955,000 |
| 500,000 | Mobil Oil Co Deb | 7.375 | 10/01/01 | 500,000 | 430,000 |
| 300,000 | Firestone Tire SF Deb | 7.300 | 10/15/01 | 300,000 | 234,000 |
| 500,000 | Shell Oil Deb | 7.250 | 02/15/02 | 500,000 | 430,000 |
| 500,000 | Sun Inc Deb | 7.125 | 05/01/02 | 495,000 | 415,000 |
| 500,000 | Procter & Gamble SF | 7.000 | 05/15/02 | 495,000 | 415,000 |
| 325,957 | Gnma Pass/Thru | 6.500 | 06/15/03 | 283,582 | 261,580 |
| 500,000 | Consumers Pwr 1st Mtg | 8.625 | 08/01/03 | 506,745 | 442,500 |
| 1,000,000 | Illinois Bell Tel Deb | 8.000 | 12/10/04 | 992,500 | 895,000 |
| 500,000 | Dow Chemical SF Deb | 8.500 | 02/01/05 | 500,000 | 465,000 |
| 1,000,000 | Prov of Ontario Deb | 8.875 | 03/01/05 | 996,875 | 930,000 |
| 500,000 | Bethlehem Steel SF Deb | 8.450 | 03/01/05 | 500,000 | 455,000 |
| 1,000,000 | United States Treas Bds | 8.250 | 05/15/05 | 999,688 | 950,000 |
| 100,000 | N Y Telephone Ref | 4.875 | 01/01/06 | 100,000 | 58,500 |
| 1,250,000 | Sears Roebuck SF Deb | 8.000 | 04/01/06 | 1,224,553 | 1,125,000 |

| Maturity Value | Security | | Maturing | Total Cost | Market Value |
|----------------|--------------------------|-------|----------|------------|--------------|
| 200,000 | Southwest Bell Tel Deb | 5.375 | 06/01/06 | 200,000 | 128,000 |
| 833,553 | Gnma Pass/Thru #14197 | 8.000 | 12/15/06 | 854,391 | 761,659 |
| 718,100 | Gnma Pass/Thru #12752 | 8.000 | 12/15/06 | 736,052 | 656,164 |
| 798,070 | Gnma Pass/Thru #15117 | 8.000 | 12/15/06 | 793,332 | 729,236 |
| 845,006 | Gnma Pass/Thru #14264 | 8.000 | 01/15/07 | 866,131 | 772,124 |
| 213,425 | Gnma Pass/Thru #1697 OM | 7.500 | 05/15/07 | 206,255 | 186,747 |
| 200,000 | New York Tel Ref Mtge | 7.500 | 03/01/09 | 197,500 | 167,000 |
| 999,241 | Gnma Pass/Thru #31275 | 9.000 | 03/15/09 | 925,391 | 955,524 |
| 999,480 | Gnma Pass/Thru #31190 | 9.000 | 05/15/09 | 925,612 | 955,752 |
| 500,000 | Pacific Tel & Tel Debs | 9.500 | 06/15/11 | 500,000 | 480,000 |
| 500,000 | New York Tel 1 Ref Ser W | 8.300 | 08/15/12 | 505,800 | 452,500 |
| 500,000 | So Cent Bell Tel | 8.250 | 08/01/13 | 497,700 | 452,500 |
| 1,000,000 | Pacific Tel & Tel Deb | 9.625 | 11/01/14 | 1,000,000 | 990,000 |
| 2,000,000 | New York Tel Deb | 9.250 | 10/15/15 | 1,828,403 | 1,810,000 |
| 2,000,000 | Southern Bell T&T Deb | 8.125 | 05/01/17 | 1,790,730 | 1,760,000 |
| 1,000,000 | New Jersey Bell Deb | 8.750 | 06/01/18 | 963,750 | 960,000 |
| 1,000,000 | Southern Bell T&T | 8.625 | 09/01/18 | 959,380 | 940,000 |
| | | | | 36,870,515 | 33,621,186 |

CONVERTS - BONDS & PREFERRED

| | | | | | |
|---------|--------------------------|-------|----------|---------|----------------------|
| 400,000 | Chase Manhattan Corp CV | 6.500 | 07/01/96 | 404,000 | 322,000 ^x |
| 350,000 | US Steel Corp CV Sub Deb | 5,750 | 07/01/01 | 342,875 | 241,500 |
| | | | | 746,875 | 563,500 |

STOCK EQUIVALENT CONVERTIBLES

| | | | | | |
|---------|------------------|-------|----------|---------|---------|
| 300,000 | Dart Ind Sub Deb | 4.250 | 07/15/97 | 300,000 | 225,000 |
| | | | | 300,000 | 225,000 |

COMMON STOCKS

| | | | | | |
|--------|-----------------------------|--|--|---------|---------|
| 10,000 | Chesebrough-Ponds | | | 346,943 | 227,500 |
| 8,000 | Gillette | | | 330,560 | 196,000 |
| 8,000 | American Home Products | | | 242,302 | 217,000 |
| 5,000 | Baxter Travenol Labs | | | 214,225 | 211,875 |
| 7,000 | Eli Lilly | | | 374,301 | 376,250 |
| 5,000 | Merck | | | 340,953 | 337,500 |
| 7,000 | Coca-Cola | | | 297,424 | 267,750 |
| 18,000 | Ralston Purina | | | 291,680 | 184,500 |
| 6,000 | R J Reynolds Industries Co. | | | 390,130 | 342,000 |
| 3,000 | Procter & Gamble | | | 259,014 | 230,625 |
| 6,000 | Federated Dept Stores | | | 289,880 | 177,750 |
| 2,000 | Penney, J.C. | | | 164,875 | 59,750 |
| 6,000 | Safeway Stores | | | 254,623 | 222,000 |
| 5,000 | CBS Inc | | | 278,030 | 251,250 |
| 2,500 | Eastman Kodak | | | 251,655 | 142,812 |
| 10,000 | Continental Ill Corp | | | 275,785 | 292,500 |
| 10,000 | Household Finance | | | 244,598 | 202,500 |
| 10,000 | Continental Corp | | | 286,125 | 276,250 |
| 5,000 | United Technologies Corp | | | 198,650 | 185,625 |
| 12,000 | Firestone Tire & Rubber | | | 294,865 | 154,500 |

| Maturity Value | Security | Maturing | Total Cost | Market Value |
|----------------|-----------------------------|----------|-------------------|-------------------|
| 7,000 | T R W | | 275,183 | 257,250 |
| 14,000 | Intl Business Machines | | 927,611 | 1,027,250 |
| 4,000 | Minnesota Mining & Mfg | | 256,100 | 225,500 |
| 7,000 | Xerox | | 541,863 | 424,375 |
| 3,000 | General Electric | | 180,776 | 150,000 |
| 3,000 | Hewlett-Packard | | 247,642 | 291,750 |
| 2,500 | R C A Corp | | 104,960 | 63,125 |
| 3,000 | Texas Instruments | | 263,700 | 270,375 |
| 5,000 | Mc Graw-Hill | | 90,353 | 123,750 |
| 6,000 | Times-Mirror | | 154,575 | 176,250 |
| 5,000 | Union Carbide | | 365,955 | 185,000 |
| 10,000 | International Paper | | 595,683 | 446,250 |
| 6,000 | Bethlehem Steel | | 246,623 | 127,500 |
| 7,000 | Freeport Minerals Co | | 218,340 | 347,375 |
| 7,000 | Kennecott Copper | | 246,067 | 159,250 |
| 8,000 | Atlantic Richfield | | 457,440 | 540,000 |
| 11,000 | Gulf Oil | | 309,820 | 301,125 |
| 10,000 | Marathon Oil | | 338,875 | 380,000 |
| 10,000 | Standard Oil of California | | 440,142 | 485,000 |
| 10,000 | Union Oil of California | | 343,125 | 386,250 |
| 5,000 | American Tel & Tel | | 319,450 | 289,375 |
| 10,000 | Allegheny Power System | | 213,000 | 170,000 |
| 12,000 | Gulf States Utilities | | 178,960 | 156,000 |
| 3,000 | Houston Inds Inc | | 156,333 | 93,375 |
| 10,000 | Tampa Electric | | 196,750 | 182,500 |
| 7,000 | Panhandle Eastern Pipe Line | | 288,943 | 349,125 |
| 6,500 | Tenneco | | 216,705 | 226,688 |
| | | | <u>13,801,592</u> | <u>12,390,375</u> |

COST-OF-LIVING FUND
CASH & SHORT TERM BONDS

| | | | | | |
|---------|---------------------------|-------|----------|------------------|------------------|
| 739,000 | Investment Fd-State Treas | 9.090 | | 739,000 | 739,000 |
| 700 | Cash in Saving Account | 5.000 | | 700 | 700 |
| 100,000 | United States Treas Nts | 7.125 | 11/15/80 | 99,469 | 97,500 |
| 100,000 | United States Treas Nts | 6.875 | 03/31/81 | 100,406 | 97,000 |
| 50,000 | J C Penney Finl Debs | 9.450 | 10/15/81 | 50,000 | 49,750 |
| 100,000 | United States Treas Nts | 8.000 | 02/15/83 | 104,062 | 98,000 |
| | | | | <u>1,093,637</u> | <u>1,081,950</u> |

MEDIUM TERM BONDS

| | | | | | |
|---------|-------------------------|-------|----------|----------------|----------------|
| 100,000 | United States Treas Nts | 7.875 | 05/15/86 | 100,000 | 95,500 |
| 100,000 | United States Treas Nts | 7.625 | 11/15/87 | 99,468 | 94,000 |
| | | | | <u>199,469</u> | <u>189,500</u> |

LONG TERM BONDS

| | | | | | |
|---------|-------------------------|-------|----------|--------|---------|
| 100,000 | United States Treas Bds | 9.000 | 02/15/94 | 99,963 | 101,000 |
| 25,000 | Alum co of Amer Deb | 7.450 | 11/15/96 | 25,000 | 21,500 |
| 25,000 | Goodyear Tire & Rub SF | 7.350 | 09/15/97 | 25,000 | 20,375 |
| 50,000 | Monsanto Co SF Deb | 8.500 | 06/15/00 | 49,750 | 47,500 |
| 50,000 | Ford Motor Cred SF Deb | 9.700 | 07/15/00 | 49,700 | 50,750 |

| Maturity Value | Security | | Maturing | Total Cost | Market Value |
|----------------|-----------------------------|-------|----------|------------|--------------|
| 25,000 | American Cyanamid Co SF Deb | 7.375 | 04/15/01 | 24,750 | 21,375 |
| 25,000 | Texaco SF Deb | 7.750 | 06/01/01 | 25,000 | 21,875 |
| 50,000 | Gen Motors Acc Corp | 8.750 | 06/15/01 | 47,290 | 47,750 |
| 25,000 | Mobil Oil Co Deb | 7.375 | 10/01/01 | 25,000 | 21,500 |
| 25,000 | Firestone Tire SF Deb | 7.300 | 10/15/01 | 25,000 | 19,500 |
| 25,000 | Shell Oil Deb | 7.250 | 02/15/02 | 25,000 | 21,500 |
| 50,000 | Sun Inc Deb | 7.125 | 05/01/02 | 49,500 | 41,500 |
| 50,000 | Pacific Gas & El 1st | 8.000 | 06/01/03 | 39,939 | 42,500 |
| 25,000 | Consumers Pwr 1st Mtg | 8.625 | 08/01/03 | 25,337 | 22,125 |
| 50,000 | Sears Roebuck SF Deb | 8.000 | 04/01/06 | 50,224 | 45,000 |
| 199,899 | Gnma Pass/Thru #30303 | 9.000 | 03/15/09 | 185,125 | 191,154 |
| 25,000 | Pacific Tel & Tel Debs | 9.500 | 06/15/11 | 25,000 | 24,000 |
| 25,000 | New Yk Tel 1 Ref Ser W | 8.300 | 08/15/12 | 25,290 | 22,625 |
| 50,000 | Pacific Tel & Tel Deb | 9.625 | 11/01/14 | 50,000 | 49,500 |
| 100,000 | So Cent Bell Tel Deb | 8.250 | 11/01/15 | 95,666 | 90,000 |
| 50,000 | Southern Bell T&T Deb | 8.125 | 05/01/17 | 44,099 | 44,000 |
| 50,000 | Southern Bell T&T | 8.625 | 09/01/18 | 47,969 | 47,000 |
| | | | | 1,059,603 | 1,014,029 |

CONVERTS - BONDS & PREFERREDS

| | | | | | |
|--------|--------------------------------|-------|----------|--------|--------|
| 25,000 | Feb Nat Mtg Asn CV Sub Cap Deb | 4.375 | 10/01/96 | 16,750 | 23,750 |
| | | | | 16,750 | 23,750 |

STOCK EQUIVALENT CONVERTIBLES

| | | | | | |
|--------|-----------------------|-------|----------|--------|--------|
| 25,000 | McDonnell Douglas CV | 4.750 | 07/01/91 | 23,187 | 22,500 |
| 15,000 | Pfizer Inc CV S/D F/R | 4.000 | 02/15/97 | 15,000 | 12,150 |
| 25,000 | Dart Ind Sub Deb | 4.250 | 07/15/97 | 25,000 | 18,750 |
| | | | | 63,187 | 53,400 |

COMMON STOCKS

| | | | | | |
|-----|------------------------|--|--|--------|--------|
| 200 | American Home Products | | | 6,606 | 5,425 |
| 200 | Baxter Travenol Labs | | | 8,549 | 8,475 |
| 100 | Eastman Kodak | | | 11,336 | 5,712 |
| 400 | Intl Business Machines | | | 24,423 | 29,350 |
| 100 | Union Carbide | | | 6,985 | 3,700 |
| 100 | International Paper | | | 6,659 | 4,463 |
| 150 | U S Steel | | | 7,386 | 3,244 |
| | | | | 71,944 | 60,369 |

| Retirement Fund | Total Cost | Market Value |
|--|-------------------------|-----------------|
| Cash and Short Term Bonds | 14,862,118 | 14,610,700 |
| Medium Term Bonds | 4,717,383 | 4,307,855 |
| Long Term Bonds | 36,870,515 | 33,621,186 |
| Converts - Bonds & Preferreds | 746,875 | 563,500 |
| Stock Equivalent Convertibles | 300,000 | 225,000 |
| Common Stocks | 13,801,592 | 12,390,375 |
| TOTAL | 71,298,483 | 65,718,616 |
| Net Amortization of premiums and discounts | <u>35,132</u> | |
| TOTAL | 71,333,615 | |
| | | |
| Cost of Living Fund | | |
| Cash and Short Term Bonds | 1,093,637 | 1,081,950 |
| Medium Term Bonds | 199,469 | 189,500 |
| Long Term Bonds | 1,059,603 | 1,014,029 |
| Stock Equivalent Convertibles | 79,937 | 77,150 |
| Common Stocks | 71,944 | 60,369 |
| TOTAL | 2,504,590 | 2,422,998 |
| Net Amortization of Premiums and Discounts | <u>3,110</u> | |
| TOTAL | <u><u>2,507,700</u></u> | |

PLAN REVENUES

The Plan's Retirement Fund has three principal sources of income. One is the payments made by the employer (City Government). Another is the payments made by City employee members of the Plan. The third is the interest earnings from the monies invested in bonds and other securities.

The pattern of revenues for the last decade is shown in the following table:

| Fiscal Year Ending In June | Employer | Employee | Interest | Total |
|-------------------------------------|--------------|--------------|--------------|--------------|
| 1979 | \$ 6,872,000 | \$ 2,079,000 | \$ 4,843,000 | \$13,794,000 |
| 1978 | 6,337,000 | 1,871,000 | 3,806,000 | 12,014,000 |
| 1977 | 6,047,000 | 1,738,000 | 3,199,000 | 10,984,000 |
| 1976 | 4,751,000 | 1,246,000 | 2,621,000 | 8,618,000 |
| 1975 | 3,781,000 | 889,000 | 2,277,000 | 6,947,000 |
| 1974 | 3,577,000 | 798,000 | 1,769,000 | 6,144,000 |
| 1973 | 2,992,000 | 704,000 | 1,431,000 | 5,127,000 |
| 1972 | 2,732,000 | 645,000 | 1,268,000 | 4,645,000 |
| 1971 | 2,704,000 | 617,000 | 983,000 | 4,304,000 |
| 1970 | 2,264,000 | 502,000 | 739,000 | 3,505,000 |
| 10 Year Total | \$42,057,000 | \$11,089,000 | \$22,936,000 | \$76,082,000 |

SIZE OF SYSTEM

| | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 6/76 | 6/77 | 6/78 | 6/79 |
|-----------|------|------|------|------|------|------|------|------|------|-------|
| Active | 992 | | 1067 | 1128 | 1225 | 1260 | 1360 | 1351 | 1407 | 1385* |
| Retired | 82 | | 110 | 138 | 161 | 175 | 208 | 218 | 234 | 245 |
| Survivors | 10 | | 19 | 20 | 22 | 27 | 31 | 37 | 38 | 49 |
| TOTAL | 1084 | | 1196 | 1286 | 1408 | 1462 | 1599 | 1606 | 1679 | 1679 |

* Proposition 13, first year of.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

CONTRIBUTIONS AND REVENUES

Each member of the Retirement Plan contributes the following percentage of pay:

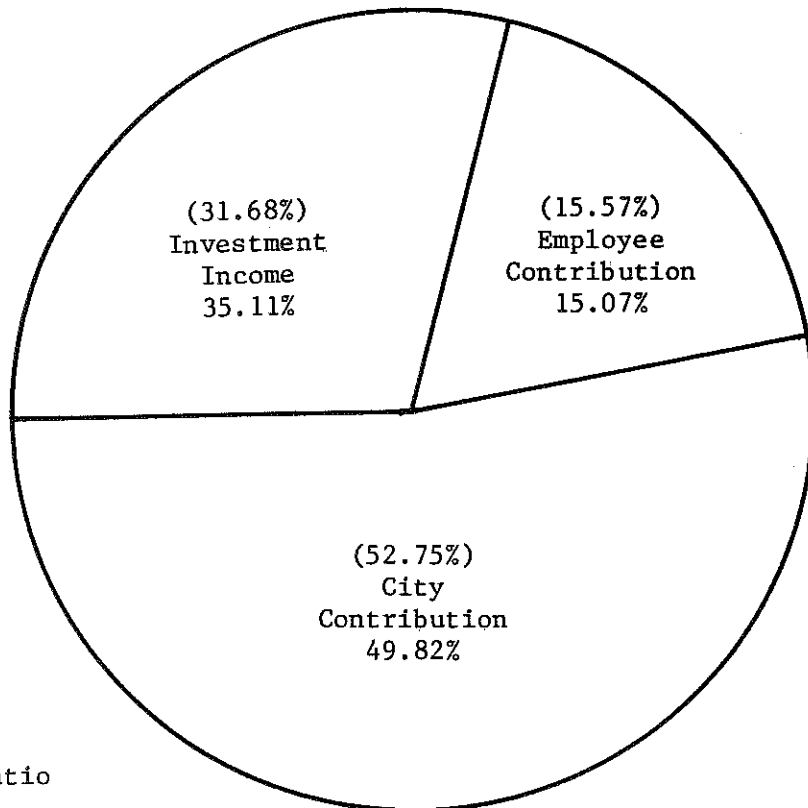
| | <u>Prior to 10/1/78</u> | <u>Effective 10/1/78</u> |
|-----------------|-----------------------------|------------------------------|
| Current Service | 6.14% | 6.35% |
| Cost of Living | <u>0.45%</u> | <u>1.07%</u> |
| TOTAL | 6.59% | 7.42% |

The City contributes to the Retirement Plan the following percentage of payroll:

| | <u>Prior to 10/1/78</u> | <u>Effective 10/1/78</u> |
|-----------------|-----------------------------|------------------------------|
| Current Service | 16.37% | 16.95% |
| Prior Service | 5.70% | 5.25% |
| Cost of Living | <u>1.21%</u> | <u>3.85%</u> |
| TOTAL | 23.28% | 26.05% |

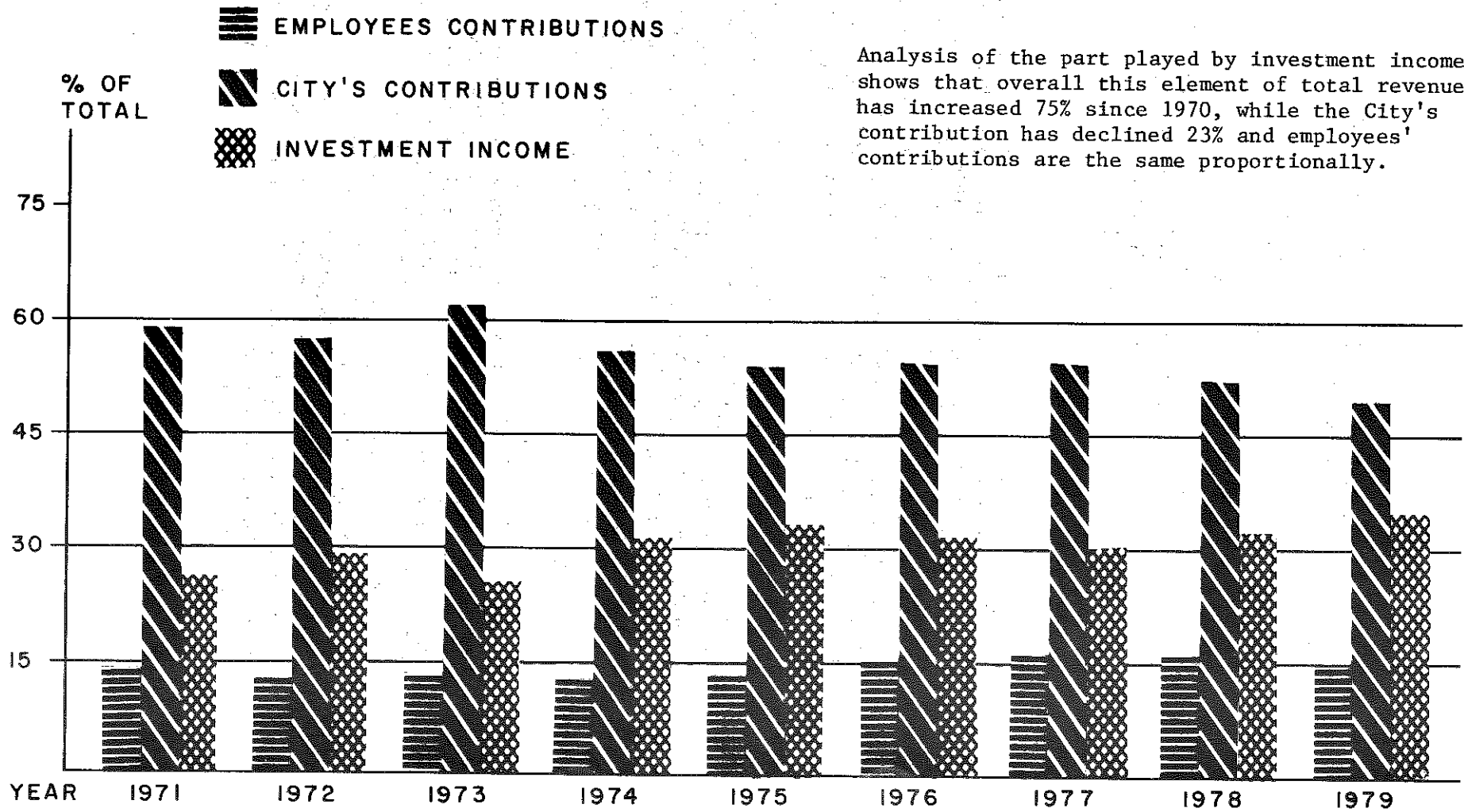
The following sources contributed their share of the revenues received by the Retirement Fund in 1978-79:

| | | |
|-----------------------|---------------|------------------|
| Employee Contribution | 15.07% | \$ 2,079,000 |
| City Contribution | 49.82% | 6,872,000 |
| Investment Income | <u>35.11%</u> | <u>4,843,000</u> |
| TOTAL REVENUES | 100.00% | \$ 13,794,000 |



(1978) Ratio
1979

RELATIONSHIP OF CONTRIBUTIONS



Analysis of the part played by investment income shows that overall this element of total revenue has increased 75% since 1970, while the City's contribution has declined 23% and employees' contributions are the same proportionally.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

INVESTMENT REPORT

of

SCUDDER, STEVENS & CLARK, INCORPORATED
INVESTMENT COUNSEL
June 30, 1979

During the fiscal year ending June 30, 1979, the investments of the Police and Fire Department portfolios, at cost, have increased \$11,216,000 to \$73,803,000 from \$62,587,000, with the year-end annual rate of income increasing \$1,192,000 to \$5,490,000 from \$4,298,000. The rate of return increased more than 1/2 of 1%, from 6.87% to 7.44%. The common stock position, at cost, remained the same in the Police and Fire Department fund, and now has some \$14,100,000 at cost in common stocks.

At mid 1979, the evidence is now clear that the pace of economic activity is slowing and that we are moving into recession. We have been expecting the slowdown to be protracted, but not very deep, with recovery to begin in early 1980. However, the severity of the oil shortage and possible work stoppages will probably increase the risks, with the possible result of the recession being somewhat deeper and longer. While inflation will probably decelerate, real progress will be slow, with little visible improvement until early next year.

As for the 81% of the account in bonds, we continue to have them heavily concentrated in higher quality investments, with 4/5ths of them in issues rated AAA or AA by the rating services. We do not believe the higher yield to be gained by lower quality issues is worth the additional risk and their poorer marketability.

The same investment philosophy which stresses high quality investments is equally true with regard to the 19% that the Police and Fire Department fund has in common stocks. As for equities generally, we believe they are very reasonably valued in today's market and because of that, there is in our opinion more opportunity than risk in this area of investments.

Police and Fire Department Retirement Plan

PORTFOLIO PERFORMANCE REPORT

A. By Investment Counsel

Bond Investments

| <u>Period Ending</u> | <u>Gross Purchases</u> | <u>Gross Sales</u> | <u>Rate of Return</u> |
|----------------------|------------------------|--------------------|-----------------------|
| 6/30/79 | \$28,510,000 | \$3,679,000 | 9.33% |
| 6/30/78 | 10,641,000 | 1,960,000 | 7.22% |
| 6/30/77 | 12,986,000 | 4,432,000 | 7.38% |
| 6/30/76 | 9,921,000 | 2,044,000 | 8.73% |

Common Stock Investments
(including Convertibles)

| | | | |
|---------|--------------|------------|-------|
| 6/30/79 | \$ 2,522,000 | \$ 186,000 | 3.12% |
| 6/30/78 | 1,726,000 | 855,000 | 4.23% |
| 6/30/77 | 4,316,000 | 3,203,000 | 5.10% |
| 6/30/76 | 4,877,000 | 839,000 | 3.17% |

Total Investments

| <u>Period Ending</u> | <u>Investments at Cost</u> | <u>Year-end Annual Rate of Income</u> | <u>Rate of Return</u> |
|----------------------|----------------------------|---------------------------------------|-----------------------|
| 6/30/79 | \$73,803,000 | \$5,490,000 | 7.44% |
| 6/30/78 | 62,587,000 | 4,298,000 | 6.87% |
| 6/30/77 | 53,688,000 | 3,690,000 | 6.87% |
| 6/30/76 | 44,476,000 | 2,928,000 | 6.58% |

The Cost-of-Living Fund, which is included in the above figures, amounts to approximately \$2,505,000 invested in high coupon bonds, convertibles and common stocks providing an estimated annual income of \$209,000 for a projected yield of 8.34%

B. By City Staff

| Calendar Year | <u>Regular</u> | | | <u>Cost-of-Living</u> | | |
|---------------|-------------------------|----------------------------|-----------------|-------------------------|----------------------------|-----------------|
| | Investments at Cost (1) | Interest and Dividends (2) | Actual Rate (3) | Investments at Cost (1) | Interest and Dividends (2) | Actual Rate (3) |
| 6/30/79 | \$71,298,000 | \$4,714,000 | 6.61% | \$2,505,000 | \$129,000 | 5.15% |
| 6/30/78 | 60,688,000 | 3,702,000 | 6.10% | 1,432,000 | \$104,000 | 7.26% |
| 6/30/77 | 52,476,000 | 3,122,933 | 5.95% | 1,211,000 | 76,053 | 6.28% |
| 6/30/76 | 43,517,000 | 2,525,072 | 5.80% | 959,000 | 96,117 | 6.68% |
| 1974 | 34,604,000 | 1,923,285 | 5.56% | 675,000 | 46,739 | 6.92% |

- (1) Appraisal of Security Holding, quarterly; Scudder, Stevens & Clark, as of June 30.
- (2) Annual Financial Reports, Director of Finance, City of San Jose. (Less Cash in Bank and Interest Receivable, but includes Gain/Loss from sale of securities.
- (3) Based upon cost (annual income divided by total investments at cost).

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
Retirees and Beneficiaries as of June 30, 1979

| NAME | YEARS OF SERVICE | DATE RETIRED/DEATH | MONTHLY BASE | COL | TOTAL |
|----------------------|------------------|--------------------|--------------|--------|----------|
| D Mauldin, William | 17 | 09/26/44 | 193.04 | 66.38 | 3,045.00 |
| D Volonte, Louis | 29 | 05/02/49 | 172.17 | 59.20 | 2,715.78 |
| D Basile, Frank | 28 | 01/14/52 | 249.07 | 85.67 | 3,929.13 |
| Matranga, John | 22 | 02/01/53 | 227.48 | 78.22 | 3,588.30 |
| D Humburg, Walter | 30 | 03/04/53 | 230.86 | 79.39 | 3,641.64 |
| Adams, Harley | 27 | 07/14/53 | 263.52 | 90.61 | 4,156.77 |
| Higgins, Thomas | 33 | 08/01/53 | 278.53 | 84.88 | 2,543.87 |
| Guptill, Lovell | 24 | 07/01/54 | 290.15 | 99.79 | 4,577.04 |
| Anderson, Ernest | 26 | 08/01/55 | 301.98 | 103.85 | 4,763.58 |
| Schwandt, Herman | 34 | 01/01/57 | 259.25 | 89.16 | 4,089.57 |
| Jones Ivor | 34 | 08/21/57 | 270.96 | 93.18 | 4,274.19 |
| Morss, Kenneth | 30 | 09/21/57 | 272.07 | 93.58 | 4,291.95 |
| D MacLean, Arthur | 16 | 11/27/57 | 108.03 | 95.74 | 4,954.71 |
| Powers, Edward | 39 | 06/01/59 | 332.66 | 114.40 | 5,247.54 |
| Miller, Emmett | 30 | 11/01/59 | 341.30 | 117.37 | 5,383.80 |
| Emery, Walter | 29 | 05/26/60 | 296.27 | 101.87 | 4,673.28 |
| Jennings, Ralph | 32 | 09/05/60 | 343.27 | 118.07 | 5,415.12 |
| Garcia, Simon | 30 | 02/27/62 | 318.05 | 109.38 | 5,017.11 |
| Murray, Charles | 32 | 03/12/62 | 365.82 | 125.79 | 5,770.44 |
| S Holden, Gertrude | 16 | **08/18/75 | 180.47 | 62.05 | 2,846.70 |
| S Ogden, Anna | 40 | **12/15/63 | 266.74 | 91.74 | 4,207.80 |
| Kirby, Henri | 29 | 07/01/62 | 436.82 | 150.23 | 6,890.70 |
| Edes, Hugh | 36 | 07/01/62 | 372.37 | 128.07 | 5,874.06 |
| Conyers, Francis Sr. | 32 | 10/26/62 | 377.30 | 129.76 | 5,951.79 |
| Campbell, Lawrence | 31 | 02/01/63 | 470.20 | 161.69 | 7,417.08 |
| Quain, Ralph | 22 | 04/01/63 | 378.83 | 130.30 | 5,976.09 |
| Flesner, Frederick | 25 | 07/28/63 | 385.63 | 132.60 | 6,082.95 |
| Gadsby, Walter | 22 | 09/01/63 | 387.03 | 133.11 | 6,105.33 |
| Pracna, Edward | 36 | 09/13/63 | 485.61 | 167.03 | 7,660.59 |
| S Bruegman, Mary | 5 | **11/14/63 | 161.17 | 55.44 | 3,173.43 |
| S Sawyer, Barbara | 18 | **01/01/64 | 263.11 | 90.48 | 4,150.38 |
| Parker, Harold | 22 | 05/01/64 | 487.62 | 167.69 | 7,691.91 |
| Batti, George | 34 | 05/11/64 | 390.33 | 134.22 | 6,157.08 |
| D Emery, Louis | 15 | 08/20/64 | 313.50 | 107.82 | 4,945.41 |
| Browder, Samuel | 22 | 04/01/65 | 397.70 | 136.78 | 6,273.63 |
| S Murtha, Mary | 27 | **04/07/78 | 205.11 | 70.53 | 3,235.41 |
| Gray, Raymond | 37 | 04/01/65 | 356.19 | 122.51 | 5,618.94 |
| S Lunsford, Phyllis | 37 | **06/25/65 | 376.46 | 129.47 | 5,938.50 |
| S Rebhan, Ethel | 21 | **04/22/74 | 229.51 | 78.92 | 3,620.34 |
| Davis, Harvey | 23 | 09/01/65 | 404.74 | 139.20 | 6,384.72 |
| D Hoffman, Vernon | 20 | 12/06/65 | 371.78 | 127.86 | 5,864.73 |
| Alvares, Artie | 23 | 02/01/66 | 357.52 | 122.95 | 5,639.73 |
| Acquistapace, Joseph | 22 | 02/01/66 | 357.52 | 122.95 | 5,639.73 |
| S Guerin, Helen | 22 | **11/11/78 | 211.69 | 72.81 | 4,277.44 |
| S Pinkston, Lena | 29 | **09/07/74 | 232.17 | 87.92 | 4,921.68 |
| Bosque, Charles | 20 | 05/03/66 | 323.12 | 111.11 | 5,096.91 |

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Retirees and Beneficiaries as of June 30, 1979

| NAME | YEARS OF SERVICE | DATE RETIRED/DEATH | MONTHLY BASE | COL | TOTAL |
|------------------------|------------------|--------------------|--------------|--------|-----------|
| D Haas, Carl | 21 | 06/07/66 | 362.22 | 124.57 | 5,713.86 |
| S Cecil, Georgia | 18 | **01/26/72 | 341.57 | 117.01 | 5,382.72 |
| D Mattern, John | 16 | 07/16/66 | 419.75 | 144.36 | 6,621.45 |
| Kidder, Donald | 29 | 09/01/66 | 427.21 | 146.90 | 6,738.84 |
| D Atwell, Harold | 20 | 12/19/66 | 370.17 | 127.30 | 5,839.23 |
| S Pierce, Dolores | 9 | **06/29/67 | 240.96 | 82.86 | 4,115.40 |
| S Russo, Josephine | 39 | **02/09/67 | 182.91 | 62.90 | 2,885.28 |
| S Vitek, Hilvie | 42 | **02/11/67 | 281.81 | 96.93 | 4,445.61 |
| D Creamer, William | 23 | 04/15/67 | 368.40 | 126.69 | 5,811.30 |
| D Fusco, George | 22 | 06/10/67 | 352.79 | 121.08 | 5,553.78 |
| S Wakeman, Lela | 32 | **09/08/67 | 225.79 | 77.65 | 3,561.72 |
| # S Phipps, Ruth | 7 | **10/05/67 | 109.60 | | 1,315.20 |
| D Anderson, Williams | 9 | 11/14/67 | 377.00 | 129.66 | 5,947.08 |
| Stanley, Jack | 23 | 01/14/68 | 362.86 | 124.79 | 5,645.77 |
| Gomes, Anthony | 22 | 01/15/68 | 426.86 | 146.80 | 6,733.53 |
| D Turnage, Gordon | 8 | 03/08/68 | 365.59 | 125.72 | 5,766.93 |
| S Lorenz, Ruth | 25 | **05/23/79 | 216.42 | 74.43 | 5,784.59 |
| D Urzi, Robert | 21 | 03/18/68 | 366.08 | 125.89 | 5,774.67 |
| D Bartolini, Herbert | 8 | 04/01/68 | 366.77 | 126.13 | 5,785.56 |
| S Hauser, Irene | 6 | **03/24/72 | 365.85 | 125.82 | 4,816.44 |
| D Crawford, Andrew | 10 | 04/05/68 | 386.35 | 132.89 | 6,094.80 |
| S Poelle, Jean | 17 | **02/16/79 | 312.33 | 107.41 | 5,955.24 |
| D Fisher, Raymond | 22 | 01/01/69 | 382.48 | 131.53 | 6,033.39 |
| D Brewer, Glenn | 10 | 02/10/69 | 385.15 | 132.46 | 6,075.60 |
| S Bone, Nadalie | 37 | **03/10/69 | 344.39 | 118.45 | 5,432.76 |
| Chew, Arnold | 1 | 04/21/69 | 373.41 | 113.81 | 5,718.93 |
| S Sims, Ethel | 23 | **06/14/79 | 344.70 | 105.06 | 6,958.97 |
| D Ostermeier, Clifford | 5 | 05/20/69 | 384.77 | 117.26 | 5,892.78 |
| D Barr, Jack | 21 | 07/14/69 | 394.05 | 120.11 | 6,035.10 |
| Murphy, Gerald | 42 | 10/28/69 | 814.23 | 248.15 | 12,470.10 |
| D Hart, James | 1 | 12/03/69 | 383.42 | 116.85 | 5,872.11 |
| S Fernandez, Beverly | 23 | **03/12/73 | 610.52 | 186.07 | 9,350.28 |
| McCay, E | 27 | 02/01/70 | 999.77 | 304.69 | 15,311.61 |
| Erlandson, John | 25 | 07/01/70 | 595.43 | 157.38 | 8,836.35 |
| Ankenbauer, Frank | 24 | 07/05/70 | 576.31 | 152.32 | 8,552.58 |
| D Stenzel, Eugene | 8 | 08/01/70 | 461.00 | 121.85 | 6,841.38 |
| S Huerta, Marie | 6 | **08/06/70 | 479.54 | 126.75 | 7,116.54 |
| D Davis, Dale | 8 | 09/01/70 | 461.00 | 121.85 | 6,841.38 |
| D Stout, Bernard | 24 | 09/01/70 | 569.48 | 150.52 | 8,451.27 |
| Wilson, Jack | 34 | 09/01/70 | 955.53 | 252.55 | 14,180.25 |
| S LeBeau, Ruth | 31 | **10/12/77 | 891.41 | 235.61 | 13,228.77 |
| Connet, Theron | 31 | 10/01/70 | 835.79 | 220.92 | 12,403.50 |
| D Burgstrom, Carl | 16 | 11/01/70 | 563.04 | 148.81 | 8,355.63 |
| D Anderson, Clarence | 23 | 12/21/70 | 545.36 | 144.14 | 8,093.28 |
| Fisher, Vern | 25 | 01/03/71 | 599.87 | 158.57 | 8,902.47 |
| D Canuel, John | 25 | 01/05/71 | 766.40 | 202.58 | 11,373.78 |

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
Retirees and Beneficiaries as of June 30, 1979

| NAME | YEARS OF SERVICE | DATE RETIRED/DEATH | MONTHLY BASE | COL | TOTAL |
|-----------------------|------------------|--------------------|--------------|--------|-----------|
| D True, Robert | 31 | 01/11/71 | 1,147.89 | 303.39 | 17,034.93 |
| D Crosby, James | 29 | 01/14/71 | 839.24 | 221.81 | 12,454.50 |
| D Cannell, George | 33 | 01/16/71 | 1,486.60 | 392.92 | 22,061.58 |
| S Gibson, Henrietta | 25 | **02/04/71 | 345.75 | 91.37 | 5,130.87 |
| D Coomer, Sam | 9 | 02/09/71 | 376.90 | 99.60 | 5,593.08 |
| D Batten, Russel | 28 | 03/01/71 | 1,105.24 | 292.13 | 16,402.14 |
| D Tanner, Francis | 20 | 05/01/71 | 546.62 | 125.66 | 7,891.14 |
| Blackmore, John | 42 | 05/17/71 | 1,953.51 | 449.06 | 28,201.02 |
| D Mason, Roland | 7 | 06/22/71 | 511.45 | 117.57 | 7,383.36 |
| D Rolston, Chad | 26 | 07/01/71 | 680.42 | 156.40 | 9,822.51 |
| S Carotta, Shirley | 29 | **11/05/74 | 549.38 | 126.28 | 7,930.80 |
| S Anderson, Irene | 18 | **07/01/71 | 156.44 | 35.95 | 2,258.28 |
| D Knapp, John | 30 | 07/15/71 | 1,484.00 | 341.14 | 21,423.24 |
| D Lowe, William | 22 | 07/15/71 | 662.48 | 152.28 | 9,563.55 |
| D Evans, Carl | 26 | 08/01/71 | 655.23 | 150.62 | 9,458.97 |
| D Place, Robert | 11 | 08/01/71 | 413.82 | 912 | 5,836.90 |
| D Kennedy, Edwin | 24 | 08/01/71 | 744.57 | 171.17 | 10,748.85 |
| S Thaysen, Dorothy | 24 | **05/16/73 | 387.31 | 89.04 | 5,591.37 |
| D Ricketts, Edward | 21 | 09/01/71 | 583.10 | 134.05 | 8,417.79 |
| D Warrick, Robert | 27 | 10/05/71 | 814.32 | 187.19 | 11,755.59 |
| D Flair, Gary | 9 | 10/12/71 | 506.35 | 116.41 | 7,309.86 |
| D Houlihan, Earl | 8 | 11/11/71 | 510.71 | 117.38 | 7,372.47 |
| D Manthey, James | 19 | 12/01/71 | 648.63 | 149.09 | 9,363.57 |
| D Bibby, Richard | 15 | 12/01/71 | 508.13 | 115.00 | 7,314.21 |
| D Miller, Herbert | 35 | 01/03/72 | 973.81 | 223.84 | 14,057.88 |
| D Curtiss, Marvin | 27 | 01/04/72 | 766.04 | 176.09 | 11,058.60 |
| D Green, Leon | 35 | 02/01/72 | 1,319.49 | 303.32 | 19,048.29 |
| D Fries, Joseph | 22 | 02/15/72 | 691.49 | 158.96 | 9,982.47 |
| D Higgins, Thomas Jr. | 24 | 03/01/72 | 1,040.20 | 239.12 | 15,016.50 |
| D Westerhouse, James | 27 | 03/01/72 | 857.69 | 197.16 | 12,381.72 |
| Maral, Manuel | 40 | 03/01/72 | 769.75 | 176.94 | 11,112.15 |
| D Leslie, Sean | 8 | 03/01/72 | 530.28 | 121.91 | 7,655.28 |
| D Tollenaar, Corneal | 20 | 04/01/72 | 647.13 | 148.76 | 9,342.06 |
| D Hardman, Stanley | 24 | 04/01/72 | 939.61 | 182.33 | 4,487.76 |
| D Scarpace, Sam | 22 | 04/01/72 | 771.56 | 177.36 | 11,138.28 |
| S Heeren, Mildred | 30 | **02/21/77 | 385.78 | 88.69 | 5,569.26 |
| D Jones, Arthur | 35 | 04/01/72 | 937.50 | 215.51 | 13,533.90 |
| D O'Brien, John | 26 | 04/17/72 | 827.56 | 160.59 | 8,108.23 |
| S Luchessi, Jessie | 31 | **04/22/72 | 641.65 | 124.52 | 8,993.16 |
| D Bishop, Curtis | 28 | 05/01/72 | 962.43 | 186.76 | 13,489.05 |
| D Miller, Arthur | 24 | 05/01/72 | 815.35 | 158.22 | 11,427.60 |
| D McCargar, John | 2 | 06/06/72 | 308.10 | 59.79 | 4,318.20 |
| D Miller, David | 31 | 07/02/72 | 944.25 | 183.23 | 13,234.20 |
| S-2 Cardona, Velma | 20 | **07/08/75 | 899.61 | 155.52 | 12,384.99 |
| D Anderson, William | 26 | 08/01/72 | 849.42 | 164.83 | 11,905.14 |
| S DeMers, Alice | 35 | **02/27/77 | 801.16 | 155.46 | 11,228.70 |
| S Shannon, Marjorie | 35 | **01/26/73 | 651.44 | 126.42 | 9,130.38 |
| D Bernardo, Charles | 27 | 08/01/72 | 753.52 | 146.22 | 10,561.11 |
| D Petersen, Gunner | 26 | 08/01/72 | 845.49 | 164.07 | 11,850.12 |

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
Retirees and Beneficiaries as of June 30, 1979

| NAME | YEARS OF SERVICE | DATE RETIRED/DEATH | MONTHLY BASE | COL | TOTAL |
|-------------------------|------------------|--------------------|--------------|--------|-----------|
| D Toussaint, Harold | 29 | 08/01/72 | 1,013.45 | 196.67 | 14,204.19 |
| Barozzi, Ernest | 26 | 09/01/72 | 796.40 | 154.55 | 11,162.10 |
| S Haller, Jean | 25 | **09/06/72 | 544.62 | 105.68 | 7,633.14 |
| D Lamb, William | 19 | 09/15/72 | 637.31 | 123.66 | 8,932.20 |
| S Collins, Antoinette | 27 | **11/20/72 | 449.36 | 87.20 | 6,298.05 |
| D Miller, Jesse | 25 | 12/01/72 | 884.28 | 171.59 | 12,393.69 |
| Klein, Elmer | 30 | 01/03/73 | 1,643.50 | 318.93 | 23,034.72 |
| D Larsen, James | 13 | 01/15/73 | 605.17 | 117.44 | 8,481.87 |
| D Schaefer, Charles | 29 | 02/14/73 | 904.83 | 175.58 | 12,681.69 |
| D Sadler, Bernice | 24 | 02/15/73 | 546.03 | 105.96 | 7,652.97 |
| D Brenneman, Virgil Jr. | 6 | 02/15/73 | 535.00 | 103.82 | 7,498.35 |
| D Donohue, James | 6 | 03/04/73 | 387.73 | 75.23 | 5,434.20 |
| D Gilbert, George | 27 | 03/15/73 | 731.12 | 141.88 | 10,247.13 |
| D Lennon, John | 20 | 04/01/73 | 590.70 | 114.61 | 8,278.86 |
| D Moody, Willey | 30 | 04/01/73 | 987.00 | 191.54 | 13,833.51 |
| D Tuma, Frank | 27 | 04/01/73 | 776.12 | 150.60 | 10,877.73 |
| D Sanchez, Joseph | 14 | 04/01/73 | 658.00 | 127.68 | 9,222.24 |
| D Jones, John | 34 | 04/01/73 | 2,164.79 | 420.08 | 30,340.83 |
| D Howard, Orrin | 20 | 04/01/73 | 575.00 | 111.59 | 8,059.08 |
| D Walton, J | 4 | 04/01/73 | 527.18 | 102.30 | 6,783.99 |
| D Gray, Loren | 30 | 04/01/73 | 853.13 | 165.55 | 11,957.13 |
| D Hoffman, Fred | 29 | 06/01/73 | 1,031.78 | 164.33 | 14,039.76 |
| S LaCour, Joyce | 13 | **06/15/73 | 492.69 | 78.48 | 8,748.71 |
| D Bruce, Gordon | 5 | 07/01/73 | 601.42 | 95.79 | 8,183.73 |
| D Evans, David | 26 | 08/01/73 | 955.34 | 152.17 | 12,999.78 |
| D Harris, Coy | 27 | 09/12/73 | 810.23 | 129.06 | 11,025.24 |
| S Vasquez, Lupe | 24 | **09/25/73 | 940.63 | 149.82 | 12,799.57 |
| D Silva, Edward | 25 | 10/01/73 | 870.38 | 138.62 | 11,843.49 |
| D Marks, Leonard Jr | 18 | 10/01/73 | 1,062.50 | 169.24 | 14,457.96 |
| S Easley, Barbara | 13 | **07/15/76 | 291.17 | 46.38 | 3,962.13 |
| D Satariano, Anthony | 27 | 11/14/73 | 807.78 | 128.65 | 10,991.73 |
| D Cordoni, Julius | 11 | 12/01/73 | 664.20 | 105.79 | 9,038.01 |
| D Torguson, Donald | 11 | 01/02/74 | 558.96 | 89.02 | 7,605.93 |
| D Gould, Michael | 9 | 01/02/74 | 649.49 | 103.44 | 8,837.79 |
| D Nufer, Joseph | 14 | 01/02/74 | 688.00 | 109.58 | 9,361.89 |
| D Crawford, James | 14 | 01/02/74 | 688.00 | 109.58 | 8,662.89 |
| D Bias, James | 13 | 01/02/74 | 594.64 | 94.71 | 8,091.48 |
| Conrow, Dan | 28 | 01/05/74 | 974.21 | 155.17 | 13,256.55 |
| Hornbeck, Melvin | 36 | 01/06/74 | 1,462.97 | 233.02 | 19,907.28 |
| S Heaney, Charlotte | 27 | **01/09/74 | 298.29 | 47.51 | 3,174.88 |
| D Willis, Ronald | 10 | 01/15/74 | 478.61 | 76.23 | 6,512.64 |
| S Perry, Lucille | 27 | **08/25/75 | 518.46 | 82.58 | 7,054.89 |
| D Silfvast, Robert | 17 | 02/01/74 | 703.59 | 112.06 | 9,573.96 |
| D Martinelli, Walter | 28 | 02/01/74 | 843.22 | 134.31 | 11,474.13 |
| D Choyce, James | 14 | 03/01/74 | 603.25 | 96.09 | 8,208.75 |
| D Garringer, Estiel | 26 | 03/01/74 | 965.43 | 153.77 | 13,137.00 |
| Provasi, Dante | 27 | 03/01/74 | 868.46 | 138.32 | 11,817.48 |
| D Collins, Barton | 38 | 03/01/74 | 1,709.63 | 272.30 | 23,263.59 |
| MacKenzie, William | 29 | 04/01/74 | 1,549.13 | 246.73 | 21,079.53 |

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
Retirees and Beneficiaries as of June 30, 1979

| NAME | YEARS OF SERVICE | DATE RETIRED/DEATH | MONTHLY BASE | COL | TOTAL |
|----------------------|------------------|--------------------|--------------|--------|-----------|
| D Stefanini, Mario | 29 | 04/01/74 | 939.06 | 149.57 | 12,778.17 |
| S Garcia, Jennie | 27 | **05/07/74 | 535.99 | 67.27 | 7,080.99 |
| S Buck, Lillian | 24 | **05/15/74 | 557.90 | 70.03 | 7,370.55 |
| Baker, Bernice | 25 | 06/01/74 | 392.86 | 49.31 | 5,190.12 |
| Favorite, Lawrence | 35 | 06/12/74 | 1,074.00 | 134.80 | 14,188.71 |
| D Coburn, Jimmie | 18 | 06/15/74 | 619.86 | 77.80 | 8,189.04 |
| D Bernardo, Ralph | 30 | 07/10/74 | 873.24 | 109.60 | 11,536.41 |
| S Scribner, Betty | 28 | **11/14/76 | 747.77 | 93.85 | 9,878.85 |
| D Nurisio, Louis | 14 | 12/01/74 | 663.37 | 83.26 | 8,763.81 |
| S Cissell, Jane | 15 | **12/09/78 | 1,063.43 | 133.45 | 11,894.17 |
| D Lima, Sam | 28 | 01/02/75 | 846.83 | 106.28 | 11,187.48 |
| D Devitt, Francis | 28 | 02/01/75 | 1,051.73 | 132.00 | 13,894.44 |
| D Sapena, Tony | 29 | 03/01/75 | 1,509.82 | 189.48 | 19,946.19 |
| D Kincaid, Richard | 32 | 03/27/75 | 984.49 | 123.55 | 13,006.05 |
| D Kinney, Thomas | 29 | 04/01/75 | 1,161.73 | 145.80 | 15,347.64 |
| D Angelo, Anthony | 24 | 04/01/75 | 801.11 | 100.54 | 10,583.46 |
| S-2 Donald, Peggy | 24 | **05/15/75 | 1,545.80 | 160.89 | 20,032.89 |
| D Fonseca, Charles | 30 | 04/01/75 | 1,140.75 | 143.18 | 15,070.57 |
| D Sawyer, Howard | 13 | 04/01/75 | 657.32 | 82.50 | 8,683.89 |
| Silva, Raymond | 23 | 04/01/75 | 774.72 | 97.24 | 10,234.92 |
| Rasmussen, Pauline | 23 | 04/01/75 | 376.47 | 47.24 | 4,973.46 |
| D Sinnott, Glenn | 28 | 04/01/75 | 869.53 | 109.13 | 11,487.42 |
| D Richards, John | 14 | 05/01/75 | 796.34 | 73.85 | 10,214.13 |
| D Azzarello, Joseph | 33 | 05/01/75 | 1,600.25 | 148.39 | 20,525.31 |
| D Ramboer, Leo | 28 | 06/01/75 | 883.98 | 81.97 | 11,338.23 |
| D Jacobson, George | 15 | 06/01/75 | 771.48 | 71.53 | 9,794.17 |
| D Cuffaro, Marco | 26 | 06/10/75 | 1,040.01 | 96.44 | 13,339.50 |
| D Robertson, Harry | 6 | 09/06/75 | 708.69 | 65.72 | 9,089.88 |
| D Keith, Gary | 13 | 10/18/75 | 700.91 | 65.00 | 8,990.13 |
| D Hall, Stanley | 15 | 11/01/75 | 828.99 | 76.87 | 10,632.90 |
| D Donald, Howard | 28 | 01/01/76 | 1,740.78 | 161.41 | 22,327.68 |
| Keiser, Betty | 20 | 01/02/76 | 390.67 | 36.22 | 5,010.81 |
| D Kosik, Victor | 28 | 01/03/76 | 1,039.81 | 96.41 | 13,336.83 |
| Hilscher, Arthur | 29 | 01/03/76 | 1,433.45 | 132.91 | 18,385.74 |
| D Fernandez, Gabriel | 29 | 01/06/76 | 948.11 | 87.92 | 12,160.74 |
| D Bloomfield, Harold | 24 | 01/25/76 | 800.38 | 74.21 | 10,265.85 |
| Haller, Lewis | 34 | 02/07/76 | 1,706.66 | 158.26 | 21,890.16 |
| Kuehnis, Floyd | 34 | 02/07/76 | 1,475.52 | 136.82 | 18,925.44 |
| D Sullivan, Maris | 24 | 03/20/76 | 1,026.50 | 95.19 | 13,166.25 |
| S Conversa, Jessie | 30 | **08/29/76 | 637.37 | 59.10 | 8,175.03 |
| D Nelson, Robert | 30 | 03/21/76 | 993.62 | 92.13 | 12,744.42 |
| D Seibert, Sam | 29 | 03/28/76 | 1,216.75 | 112.83 | 15,606.39 |
| D Murtha, William | 9 | 04/01/76 | 663.30 | 61.51 | 8,507.73 |
| D Ricceri, Frank | 28 | 04/01/76 | 940.03 | 87.17 | 12,057.12 |
| D Cole, Vernon | 24 | 06/13/76 | 1,033.41 | 62.93 | 12,868.71 |
| D Mogilefsky, Arthur | 9 | 07/04/76 | 755.16 | 45.98 | 9,403.71 |
| Maddox, William | 28 | 08/14/76 | 1,239.51 | 75.49 | 15,435.30 |
| D Keyser, Orville | 28 | 09/19/76 | 1,222.16 | 74.42 | 15,219.12 |
| D Stegemiller, James | 22 | 10/18/76 | 1,242.97 | 75.70 | 15,478.35 |

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
 Retirees and Beneficiaries as of June 30, 1979

| NAME | YEARS OF SERVICE | DATE RETIRED/DEATH | MONTHLY BASE | COL | TOTAL |
|------------------------|------------------|--------------------|--------------|--------|-----------|
| D Sekany, Gregory | 6 | 01/03/77 | 765.70 | 46.63 | 9,535.02 |
| D Elorreaga, Paul | 14 | 01/12/77 | 792.82 | 48.28 | 8,668.70 |
| D Lee, Raymond | 29 | 03/14/77 | 1,376.86 | 83.86 | 17,145.69 |
| D Klein, Theodore | 31 | 03/19/77 | 1,881.55 | 114.59 | 23,430.42 |
| D Dwyer, George | 27 | 03/20/77 | 1,264.22 | 76.99 | 15,742.98 |
| D Cleary, Robert | 28 | 03/20/77 | 1,676.11 | 102.07 | 20,872.05 |
| D Campbell, William | 25 | 03/20/77 | 1,182.62 | 72.02 | 14,726.82 |
| D Kasich, Robert | 9 | 04/11/77 | 790.82 | 23.72 | 9,561.00 |
| D Devens, Lee | 28 | 04/17/77 | 1,671.95 | 50.16 | 20,213.88 |
| Hickey, Janet | 31 | 04/23/77 | 1,213.72 | 36.41 | 14,673.87 |
| D Brune, Ralph | 29 | 06/01/77 | 1,390.32 | 41.71 | 16,808.97 |
| D Adams, Virginia | 22 | 06/14/77 | 825.44 | 24.76 | 9,979.56 |
| DeCamp, Howard | 24 | 07/06/77 | 1,114.57 | 33.44 | 13,475.16 |
| D Jones, Robert | 10 | 07/12/77 | 733.07 | 21.99 | 8,862.81 |
| D Bolton, Hilbert | 30 | 07/12/77 | 1,369.66 | 41.09 | 16,559.19 |
| D Nelson, Murray | 31 | 09/02/77 | 1,185.95 | 35.58 | 14,338.14 |
| D Capurso, Frank | 14 | 09/06/77 | 788.89 | 23.67 | 9,537.69 |
| D Shannon, Clarence | 22 | 09/11/77 | 979.86 | 29.40 | 21,318.50 |
| S Bell, Cheryl | 2 | **09/11/77 | 767.45 | 23.02 | 9,278.46 |
| D Zenahlik, Thomas | 9 | 12/14/77 | 841.81 | 25.25 | 10,177.47 |
| D Roorda, James | 7 | 12/18/77 | 818.44 | 24.55 | 9,682.93 |
| D Wheatley, Merlin | 30 | 01/05/78 | 1,698.59 | 50.96 | 20,535.96 |
| D Vittoe, Joseph | 29 | 01/07/78 | 1,230.11 | 36.90 | 14,872.02 |
| D Bennett, William | 8 | 01/10/78 | 844.85 | 25.35 | 10,214.25 |
| D Papa, Rick | 3 | 01/11/78 | 731.55 | 21.95 | 8,844.45 |
| S McCuiston, Evelyn | 18 | **01/20/78 | 688.33 | 20.65 | 312.59 |
| Gerhard, John | 30 | 03/04/78 | 2,832.64 | 84.98 | 34,246.62 |
| D Warning, Donald | 23 | 03/14/78 | 946.48 | 28.39 | 11,442.93 |
| D Windisch, Stephen | 30 | 03/31/78 | 1,987.32 | 59.62 | 24,026.70 |
| D Tambellini, Lawrence | 27 | 04/01/78 | 1,532.87 | 45.99 | 18,532.41 |
| D Allen, Robert | 21 | 04/01/78 | 1,631.93 | 48.96 | 19,730.04 |
| D Ozga, Jan | 10 | 05/09/78 | 831.98 | | 9,983.76 |
| D Welch, Bradford | 5 | 05/13/78 | 859.09 | | 10,309.08 |
| D Holmes, Danny | 11 | 05/14/78 | 832.53 | | 9,990.36 |
| D Robertson, Robert | 29 | 06/13/78 | 1,243.36 | | 14,920.32 |
| D Neibaur, Richard | 22 | 07/08/78 | 1,060.24 | | 12,483.47 |
| D Jones, Raymond | 32 | 10/01/78 | 1,911.04 | | 17,199.36 |
| D Sargent, Gregory | 30 | 10/14/78 | 1,738.26 | | 14,915.39 |
| D Escobar, Joseph | 21 | 10/14/78 | 1,063.35 | | 9,124.23 |
| D Edwards, Donald | 23 | 10/15/78 | 1,339.74 | | 11,452.62 |
| S Jones, Robyn | 8 | **10/28/78 | 1,117.90 | | 9,087.45 |
| S Miller, Laura | 14 | **11/03/78 | 1,298.48 | | 10,301.27 |
| D Williams, Ronald | 14 | 11/14/78 | 1,001.37 | | 7,577.02 |
| D Van Dyck, Jon | 16 | 11/14/78 | 1,001.37 | | 7,577.02 |
| D Ralston, Lloyd | 30 | 01/06/79 | 1,502.06 | | 8,770.09 |
| D Funk, Harold | 24 | 01/14/79 | 1,185.54 | | 6,616.09 |
| D Noseworthy, Alec | 31 | 02/15/79 | 1,257.92 | | 5,660.64 |
| Ballard, Buck | 25 | 02/17/79 | 1,238.06 | | 5,482.84 |

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
 Retirees and Beneficiaries as of June 30, 1979

| NAME | YEARS OF SERVICE | DATE RETIRED/DEATH | MONTHLY BASE | COL | TOTAL |
|--------------------|------------------|--------------------|--------------|-----|----------|
| D McKay, Edward | 33 | 03/16/79 | 2,329.43 | | 8,115.42 |
| D Van Etten, David | 31 | 03/18/79 | 1,905.82 | | 6,578.15 |
| D Mitchell, James | 24 | 03/18/79 | 1,520.33 | | 5,247.60 |
| D Marsh, Leonard | 16 | 03/18/79 | 971.60 | | 3,353.59 |
| Wein, William | 28 | 03/30/79 | 1,397.10 | | 4,281.44 |
| D Urbani, Edward | 31 | 03/31/79 | 1,457.39 | | 4,419.18 |
| D King, James | 28 | 04/01/79 | 1,156.51 | | 3,469.53 |
| D Jost, Franklin | 21 | 04/29/79 | 1,014.36 | | 2,130.16 |

S Survivor
 S-2 Own Retirement & Survivor
 D Disability